

March 29, 2013

To: Executive Board

Subject: **February Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the eighth month of the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$68.5 million is \$277,000 less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in amounts due from governmental agencies of \$2.1 million. Sources of cash include an increase in accounts payable of \$750,000 and \$1.1 million of excess operating grants.

February 2013 fare revenues were \$1.43 million, which is \$63,900 or 0.52 percent less than the monthly budgeted amount and \$9,700 more than the previous month. While Revenues are lower than the amounts budgeted and slightly more than the previous month, the year-to-date monthly average is slightly less (0.77 percent) than the previous year's monthly average. In part, the variation can be attributed to the timing of receipt of various fare revenues, such as the countywide EZ transit pass. Overall, this is a continuation of the trend established in the prior fiscal year with revenues neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through February were \$41.5 million, which is \$4.9 million less than the budget. These costs are \$968,000 or 2.3 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of February 28, 2013 shows total assets at \$229.2 million. This total consists primarily of \$149.8 million in fixed assets and \$68.5 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$19.0 million in non-interest bearing accounts



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held with Bank of the West; \$25.4 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of February 2013 was 0.286 percent; slightly less than the previous month's rate of 0.300 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$7.3 million. The amounts payable include contractor costs for January and February of \$3.5 million; fuel costs of \$428,000; Monrovia Dial-A-Ride service of \$55,000 and \$110,700 due Metro.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

February 2013 fare revenues were \$1.43 million. As previously stated, the February revenues are \$9,700 more than the previous month. The year-to-date revenue amounts are tracking very closely with the budget: 0.52 percent less than the budget, and \$28,600 or 0.23 percent more than the previous year. The year-to-date monthly average revenue is 0.77 percent less than the previous fiscal year average.

Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$48.5 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 4.3 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.



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Expenses

Year-to-date operating expenses through February 2013 were \$41.5 million, compared with the year-to-date budget of \$46.5 million. This difference of approximately \$4.9 million resulted in a 10.68 percent favorable variance. The majority of this favorable variance is the result of \$944,600 in lower than budgeted service costs and fuel cost savings of \$2.5 million with the balance spread over several departments and not attributable to any one account. It should be noted that the February 2013 year-to-date expenses of \$41.5 million are \$968,465 more than the prior fiscal year.

Farebox Recovery Ratio

The February year-to-date farebox recovery ratio was 28.64 percent; 1.88 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$11,885,898 (excluding the prior year EZ transit pass revenue) by the total operating expense figure of \$41,500,027. This ratio has increased 0.09 percent from the January 2012 figure of 28.55 percent.

Sincerely,

Richard Hasenohrl
Director of Finance

Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of February 28, 2013

Assets

Current Assets:

Cash	\$ 44,464,137
Investments	24,066,838
Due from government agencies	7,988,728
Other receivables	2,836,104
Other assets	<u>176,858</u>
Total Current Assets	<u>79,532,666</u>
Property & Equipment (net of depreciation)	149,820,075
Total Assets	<u><u>\$ 229,352,741</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 7,348,709
Current portion of long term debt	0
Deferred Revenue	<u>42,283,364</u>
Total Liabilities	<u>49,632,073</u>

Equity

Fund Balance:	<u>179,720,667</u>
Total Equity	<u>179,720,667</u>
Total Liabilities and Equity	<u><u>\$ 229,352,741</u></u>

Summary of Cash and
Investment Account
For February 28, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	11,637,470	11,637,470
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-Money Market	0.100%	Demand Deposit	7,007,300	7,007,300
Bank of the West-Money Market	0.050%	Demand Deposit	4,913,754	4,913,754
Bank of the West-Money Market	0.250%	Demand Deposit	12,546,554	12,546,554
Bank of the West-CTAF ³ Fund	0.100%	Demand Deposit	982,900	982,900
Bank of the West-Money Market	0.250%	Demand Deposit		
Subtotal Cash on Hand			<u>44,464,137</u>	<u>44,464,137</u>
Unrestricted Investments:				
Chase Business Saving	0.200%	Demand Deposit	5,045,018	5,045,018
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.381%	Demand Deposit	10,035,843	10,035,843
Subtotal Unrestricted Investments			<u>24,066,838</u>	<u>24,066,838</u>
Total Cash and Investments			<u><u>68,530,976</u></u>	<u><u>68,530,976</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended February 28, 2013

	Actual Feb-13	Budget Feb -13	Variance Favorable (Unfavorable)	Actual Feb - 12
Operating Revenue				
Farebox	\$7,295,489	\$8,360,000	(12.73%)	\$7,531,698
Pass Sales	2,078,252	1,896,333	9.59%	2,084,722
TAP Cash Purse	1,470,214	1,014,800	44.88%	1,342,824
MetroLink & Access Service	294,754	18,933	1456.80%	43,343
EZ Transit Pass	1,097,109	1,009,667	8.66%	1,204,577
Total Operating Revenue	12,235,818	12,299,733	(0.52%)	12,207,164
Non-Operating Revenue				
Transportation Development Act (TDA)	11,627,512	11,503,067	1.08%	11,622,368
STA	4,060,059	2,706,733	50.00%	2,197,104
Prop A 40% Discretionary	8,684,181	8,684,200	(0.00%)	8,942,811
Prop A 40% BSCP	2,704,813	3,148,333	(14.09%)	2,531,192
Prop C BSIP	562,951	562,933	0.00%	551,155
Prop C Base Restructuring	1,209,158	1,209,133	0.00%	1,183,824
Prop C Transit Service Expansion	201,497	201,467	0.01%	197,275
Prop A & C Interest				
Transit Security-Operating	472,396	474,333	(0.41%)	411,776
Measure R Operating	5,257,539	4,721,667	11.35%	5,852,896
FTA Sec 5307 Operating				1,311,569
Gain on Sale of Fixed Assets	320,719			3,154
Auxiliary Revenue	1,150,246	1,000,000	15.02%	1,199,274
Total Non-Operating Revenue	36,251,071	34,211,866	5.96%	36,004,398
Total Revenue	48,486,889	46,511,599	4.25%	48,211,562
Available Capital Funding				
Capital Grants	7,827,899			11,495,397
Other				
Total Revenue and Capital Funding	56,314,788	46,511,599		59,706,959
OPERATING EXPENSES				
Operations	34,936,934	38,472,333	9.19%	33,976,390
Marketing and Communications	912,847	1,198,600	23.84%	907,015
Information Technology	1,039,079	1,070,600	2.94%	1,017,078
Administration	1,055,093	1,286,267	17.97%	882,419
Procurement	374,905	577,867	35.12%	606,359
Sales and Service	1,183,505	1,231,467	3.89%	1,153,608
Finance	802,276	868,800	7.66%	814,643
Safety and Security	375,879	630,600	40.39%	437,947
Planning	380,489	634,133	40.00%	333,272
Building Management	439,019	490,933	10.57%	402,831
Total Operating Expenses	41,500,027	46,461,600	10.68%	40,531,562
Capital and Other Expenses				
Capital	8,013,965		N/A	11,501,590
Interest			N/A	
Dial-A-Ride	478,255		N/A	420,265
Special Services	165,005		N/A	131,384
Other Misc. expense	7,165		N/A	99,694
Total Capital and Other Expenditures	8,664,390		N/A	12,152,933
Increase (Decrease) of Revenues Over Expenditures	\$ 6,150,371			\$ 7,022,464